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TAGS: [PREL](#) [RU](#) [HU](#) [PGOV](#) [ECON](#)  
SUBJECT: COLD COMFORT: POLITICAL DEBATE HIGHLIGHTS  
HUNGARY'S AMBIVALENT DEPENDENCE ON RUSSIA

Classified By: POL/C ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

¶1. (C) The shut-off of the oil pipeline from Russia and renewed sparring between the Gyurcsany government and the opposition have placed Hungary's ambivalent relationship with Moscow at center stage as the government returns from its holiday break.

"THE MERRIEST BARRACKS IN GAZPROM"

¶2. (U) In a lengthy interview published in the weekly Magyar Demokrata January 4 (during a long vacation that has made him all but incommunicado), FIDESZ leader Viktor Orban reviewed a host of issues (septel). In a rare foray into foreign affairs, Orban denounced the Gyurcsany government's Russia policy, charging that Gyurcsany's pursuit of "separate pacts" with Russia risk turning Hungary into the "merriest barracks in GAZPROM." (Note: This is particularly evocative phrase which raises the specter of Communist times, when Hungary was often referred to as "the merriest barracks in the Warsaw Pact. End Note.)

¶3. (C) FM Goncz's immediate public response cast the government's policy in the context of its "strategic priority" of energy security, but was in turn rebutted by Parliamentary Foreign Affairs Committee Chair Zsolt Nemeth (FIDESZ), who criticized the government for breaking with EU solidarity and maintained that his objections to GAZPROM are based not on nationality but on a lack of transparency and reliability.

¶4. (C) The GoH found itself further undercut by Russia's suspension of the pipeline flow January 8. Scrambling to react, the MFA convoked both the Russian ambassador and the Belorussian CDA, requesting responses from their capitals within 24 hours. With Minister of Economy Koka serving as the principal public spokesperson, the GoH authorized release of supplies from Hungary's national reserves and, in a move seemingly designed to project confidence, announced plans to move forward with a previously planned price reduction (Budapest Daily January 9).

OIL ON THE FLAMES

¶5. (C) The debate is a rare substantive exchange over foreign policy, made rarer still in that both sides can claim to be the realists. The Gyurcsany government rationalizes that it is recognizing - and trying to reduce - Hungary's unwelcome but obvious dependence on Russian energy. For its part, the opposition can cast the government's policy as appeasement (and ineffective appeasement at that) by casting justifiable doubts on a "special" relationship with Moscow.

¶6. (C) Orban's attack on the Russian front is consistent with his running campaign against the Gyurcsany government. Although Orban still has work to do in restoring his own

transatlantic bona fides and explaining his frequently alarmist attitude toward foreign corporations, few Hungarians doubt his anti-Russian credentials. As always, many FIDESZ members will follow wherever Orban leads, even when he has few practical alternatives to offer.

¶17. (C) On this issue, however, others may follow as well. At a minimum, they are listening. Orban has shrewdly assessed the government's vulnerability on this issue. His GAZPROM sound bite has deep resonance, and despite increased exports to Russia, many Hungarians feel Gyurcsany is simply "too close to Moscow." The Prime Minister's pre-election invitation to Putin and his September visit to Sochi disturbed even moderates who understand the economic realities, and some see Gyurcsany going so far in his relationship with Putin that he risks making a vice of a necessity.

GUILT BY ASSOCIATION ... AND BY INACTION?

¶18. (C) FIDESZ's attempts to link Gyurcsany and Putin further their goal of tarring the Prime Minister by association. Their rhetoric increasingly portrays the PM as kleptocrat who took advantage of the transition to make his fortune ... and is now taking advantage of his fortune to cement his power.

¶19. (C) This is an uncomfortable charge for Gyurcsany, who has long been hounded by the perception of ill-gotten gains. It is also a charge even his practiced outline of present and planned steps to reduce Hungary's energy dependence cannot completely refute. Although Hungary may not have any immediate alternatives to Russian energy, nor has it made significant progress on diversification since last winter's cut-off. With senior officials now admitting to "consistent

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threats from Moscow," the PM's private assurances that he has "no illusions" regarding Russia remain subject to question - even, reportedly, within his own cabinet. FM Goncz has apparently advised the PM that Russian behavior has been "unacceptable," and others in the MFA are awakening to the realization that diversification is "not a question of opinion about Russia" but a matter of "economic necessity." Gyurcsany may well have to answer more questions on this issue in the coming weeks, diverting attention from his planned focus on domestic reform.

WE TOLD YOU SO ... BUT WE CAN'T TELL YOU HOW TO FIX IT

¶10. (C) Comment: By highlighting Hungary's relationship with Russia, FIDESZ is also making a rare (and welcome) policy argument. Although the brief cut-off underscored their point about the perils of exclusive dependence on Russia, FIDESZ has diagnosed the problem without offering realistic prescriptions. Nemeth, for example, has expressed his desire to find a solution ... but ruled out any bilateral course of action. This makes for better politics than policy. Although many of our contacts have informally expressed concern over their perceptions of growing Russian investment - and influence - in Hungary, their idea of a solution is too often limited to asking "why doesn't America do something about it?" It would be unfortunate if the opposition views a chance to engage in a substantive and important debate as merely another target of opportunity in its political campaign. It will be irresponsible if the government does not take this second warning seriously and redouble its efforts to address Hungary's energy security priorities. End Comment.

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